

**REGULAR MEETING
of the
CITY OF RIALTO
CITY COUNCIL/REDEVELOPMENT AGENCY
and
RIALTO HOUSING AUTHORITY
MINUTES
February 1, 2005**

A regular meeting of the City Council/Redevelopment Agency of the City of Rialto was held in the City Council Chambers located at 150 South Palm Avenue, Rialto, California 92376, on Tuesday, February 1, 2005.

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This meeting was called by the presiding officer of the Rialto City Council in accordance with the provisions of **Government Code §54956** of the State of California.

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CALL TO ORDER

Mayor Vargas called the meeting to order at 4:05 p.m.

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The roll was called and the following were present: Mayor Vargas and Council Members Hanson, Scott and Sampson. Also present were City Administrator Garcia, Deputy City Attorney Fogelman and City Clerk McGee. Council Member Robertson was absent.

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CLOSED SESSION

1. Conference with Legal Counsel – anticipated litigation. The City Council will meet with its legal counsel to discuss a significant exposure to litigation pursuant to Section 54956.9, subdivision (c) of the Government Code with respect to two potential cases.

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Motion by Council Member Hanson, second by Council Member Sampson and carried by unanimous vote to go into Closed Session. City Council went into Closed Session at 4:05 p.m. and returned at 4:43 p.m.

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CALL TO ORDER

Mayor Vargas called the meeting to order at 6:05 p.m.

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The roll was called and the following were present: Mayor Vargas, Council Members Hanson, Scott and Sampson. Also present were City Administrator Garcia, Deputy City Attorney Fogelman and City Clerk McGee. Council Member Robertson was absent.

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Pledge of Allegiance and Invocation

Mayor Grace Vargas led the pledge of allegiance. Pastor Eliseo Lucas from St. Catherine of Siena Church gave the Invocation.

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CITY ATTORNEY'S REPORT ON CLOSED SESSION

Deputy City Attorney Fogelman stated that in Closed Session the City Council conferred with its Attorney regarding each of the items shown on the Closed Session portion of the Agenda but took no action.

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PRESENTATIONS AND PROCLAMATIONS

Jeanne Smith and Sandy Chalupnik from Center for Healing Childhood Trauma came to thank the City for their support of the Center.

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Corey Jackson, Chairperson of the Beautification Commission Mayor Vargas presented the Annual Holiday Decoration Awards

Jose & Ana Torres - 2337 N. Beechwood Ave.

Filibeto & Maria Robles - 1123 S. Lilac Ave.

Rogelio & Maria Villaluzo - 1193 S. Driftwood Ave.

Annette Tibbs - 797 E. Mesa Dr.

Richard & Beatrice Kraft - 2810 Via Bello Dr.

Cephus & Christal Amerson - 2688 Linde Vista Dr.

Abel Gavia - 533 N. Willow Ave.

Jose & Karina Rael - 334 S. Eucalyptus Ave.

Fred & Cheryl Gullart - 1234 N. Primrose Ave.

William & Katie Slone - 156 W. Cornell Dr.

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PRESENTATIONS AND PROCLAMATIONS

Sgt. Craig Crispin presented the Code Enforcement Update for the month of January.

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Council Member Robertson arrived at 6:15 p.m.

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CONSENT CALENDAR

A. WAIVE FULL READING OF ORDINANCES

1. Waive reading in full, all ordinances considered at this meeting.

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B. APPROVAL OF WARRANT RESOLUTIONS

1. Resolution No. 28 (1/21/05)

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C. APPROVAL OF MINUTES

1. Regular RDA/City Council Meeting – December 21, 2004

D. MISCELLANEOUS

1. Request City Council to authorize the issuance of the purchase order in the amount not to exceed \$30,000 for the Annual Community Calendar.
2. Request City Council to authorize the Anthony J. Nickols, Jr. Foundation to conduct its 3rd Annual Walk of Life on Saturday, April 16, 2005.
3. Request City Council to approve the addition of the Citizen Corps Council Annex B to the City of Rialto Multi-Hazard Functional Plan.
4. Request City Council to make findings of continuing the emergency for the Landscape Maintenance District Remediation and Maintenance.
5. Request City Council to make findings of continuing the emergency for Repairs to the Rialto Channel.

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Motion by Council Member Robertson, second by Council Member Sampson and carried by unanimous vote to approve the Consent Calendar as presented.

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PUBLIC HEARING

TAB 1 – Approving an Affordable Housing Agreement

Robb Steel, Economic Development Director stated that this is the Affordable Housing Agreement with the Southern California Housing Development Corporation. He stated that the presentation tonight is intended to address some of the comments and questions that came up in the various community meetings to inform the general public as to what the project encompasses and some of the aspects that may affect them particularly if they are an owner or tenant within that project area. The developer is the Southern California Housing Development Corporation.

PUBLIC HEARING

TAB 1 – Approving an Affordable Housing Agreement

Robb Steel, Economic Development Director stated that they completed a new construction project in 2000, The Crossings on South St. The first project they did in Rialto was the Renaissance Village on Glenwood completed in the mid-1990's a similar project to what's being proposed tonight. There are 160 units within the project area built in 1969 and originally owner occupied exclusively. At the present time it's estimated that less than 10% of the units are occupied by owners. The developer of this project built a number of these exact units up and down the State with the largest in the City of Sacramento. They have the same situation where the Sacramento Housing and Redevelopment Agency is in the process of acquiring all those units, demolishing many and converting the others to rental projects.

He stated that there are an additional 32 units that are identical floor plans the only difference is that they were all being sold as four-plexes. There is one owner who owns four units as opposed four independent units in a building. There is also a 100 unit project which is a standard apartment project on Lilac Ave. The first phase is just the 160 units and they have contemplated the other 32 units as a future possible phase. In order for the Housing Authority and the Redevelopment Agency to undertake these types of projects, usually they have document the conditions of physical and economic blight that exists in the area. Depreciated values and impaired investments usually that's an indication that values here are substantially less than what they are in other parts of the City for comparable units.

Absentee ownership even though they were intended to be owner occupied. For the most part it's an unregulated apartment project with 90% of the units tenant occupied. Deterioration, dislocation or disuse of buildings. The homeowners association controls the common areas which include the exteriors of the buildings, water, heaters, and roofs. So the individual owners don't actually get to decide how to maintain their units outside there four walls, but that decision is made by the collective body administered by the homeowners association and this association like others are experiencing financial difficulties raising dues because of high delinquency rates and not setting aside proper replacement reserves.

They obtained Police statistics on calls for service. In 2003 the average daily calls for service was 5.77. In 2004 the average was 7 calls for service per day. Serious crimes such as assault, burglary, robbery and bodily crimes - 78 calls in 2003 and 119 in 2004. Homicides – three in 2003 and two in 2004. This represented 15-25% of the City's homicides and it's not just the 160 units but including the neighborhood in the surrounding area.

PUBLIC HEARING

TAB 1 – Approving an Affordable Housing Agreement

Robb Steel, Economic Development Director stated that regarding race and ethnicity 52% Hispanic in the neighborhood versus 56% total population. The most important thing to point out is that the population is generally younger than the rest of the City. The average household size of 3¾ is reflective of the City as a whole. For two bedroom units there are more people living in there than other neighborhoods. The unemployment rate there is higher than the rest of the City representing 65% of the total. The revitalization plan itself is for the Housing Authority to acquire and convert the condominiums into 154 affordable apartment units. Six units will be used as the Community Center. One building will be demolished and a communal facility for meeting space, social service and recreation space. All the units need major interior and exterior rehabilitation. All the appliances and system components in each unit are going to be reviewed and replaced. He stated that on 50 of the units they will add a third bedroom to attract families and to improve the chances for obtaining some of the funding. The complex is proposed to be gated. The streets are public so there is going to have to be a vacation process. Every attempt is going to be made to complete that process and install the gates. The rents for this project upon completion would be established at 30-60% of the County median income, ranging from just over \$300 to just under \$700 for a two bedroom/one bath unit, \$350 to \$800 for a three bedroom/two bath unit. The rents right now are in the \$700-\$900 per month range. From the Agency stand point they are required by law to set aside 20% of their property tax increment for housing purposes. With that money they are suppose to ensure that a certain number of low-mod income units are constructed over the life of the Redevelopment Plan. This project would secure credit for 154 units towards that obligation and would allow them to build housing in other parts of their project area. There are other legislative issues that it solves. There is a requirement to balance their expenditures on seniors versus non-seniors by investing in this project. The total project cost is \$31.4 million estimated with funding sources from State and Federal. The bulk of the funding coming from Redevelopment Housing funds of \$9 million. The property acquisition process is that they would send out a Notice of Decision to appraise to all the property owners in the project area. That notice tells them that they hired an appraiser who is going to independently establish what the fair market value of their unit. Offers have to be made based on those appraised values and they can't offer more or less. This board will ultimately approve the extension of those offers. They plan on 30-45 days to negotiate with the property owners. They do have the authority of eminent domain as the Housing Authority and would only be considered as a last resort.

PUBLIC HEARING

TAB 1 – Approving an Affordable Housing Agreement

Robb Steel, Economic Development Director stated that one of the common questions at the community meetings was what the owner/occupants were entitled to. They have the option to sell their unit and still reside at Willow/Winchester if they choose to and as long as they meet the income criteria for the project. If they don't meet the income criteria or choose to relocate, they are obligated by law to find them a comparable replacement unit in a decent, safe and sanitary condition. Arguably their current living environment, although their unit may be decent, the neighborhood definitely has some question marks so there will be a higher standard to find them a better living unit. It is going to cost more than what they are paying them for their unit to find a replacement unit. The law requires them to make a compensating payment to them that reflects the difference between the price of a new decent, safe and sanitary unit and the old one. Also, taking into account any additional mortgage financing costs that might be incurred and the transaction costs at the new location. The maximum by law is \$22,500 and in this case it may not be sufficient to cover that gap and there is a provision under redevelopment laws and federal guidelines that allows them to go above that \$22,500 if they make certain findings. The goal would be to relocate these households into better living environments and have it so their mortgage payments are equal to what they are paying now. The Redevelopment Agency has financing and tools to make that happen. The relocation funds are a grant, tax free and does not need to be repaid to the Agency. The Authority has to pay all closing costs and reasonable moving expenses.

The tenants will not be evicted upon approval of this project. It has been their policy and So. Cal. Housing that no tenant will be evicted during the acquisition period unless they violate the lease terms. If they are a bad tenant or dealing drugs they will be evicted just like in any other project. Tenants who qualify will have an opportunity to reside at the project when completed. The primary consideration will be their income, if they can afford to make the payment they will have a chance to reside at the project when completed. They may need to relocate temporarily within the project while they remodel a block of units and then move them back in and all those moving cost will be paid. For those that are making too much money for the project they have the same burden to find a comparable unit. Like with the homeowners they have an obligation to pay up to \$5,250 to compensate them for increased rental expenses at a new location. If there isn't housing available that \$5,250 covers the subsidy that is required over a 42 month period then they can exceed that amount as well.

PUBLIC HEARING

TAB 1 – Approving an Affordable Housing Agreement

Robb Steel, Economic Development Director stated that regarding owner/occupants they had to be occupants 180 days before they make their offer and 90 days with tenants. For investor owners the deal for them would be that they would receive fair market value for their units just like the other owner occupants. They would pay all normal transaction costs. Under Federal law and State law they may have entitlement of a provision that allows them to defer the capital gains if they have one for two full tax years after the date of sale to the Housing Authority. They may also be entitled to transfer if they bought their property a long time ago and they have an assessed value that is a Prop. 13 restricted assessed value. There are certain guidelines but they can generally take that and transfer that to the replacement property.

He stated that So. Cal. Housing Development is the partner in this project and they own 5000 units throughout Southern California. Their obligation is all the development functions, getting land use entitlements, obtaining building permits, getting building plans approved through plan check, raising the construction and permanent financing for the project. They are also helping with the acquisition financing which is the Redevelopment Agency's obligation. What is expected from them is competent, quality management of the project because this has been the breakdown with no management on site. Deviant behaviors are not nipped in the bud and So. Cal. Housing has demonstrated a hands approach to managing the other projects in town to keep them a happy and healthy component of Rialto. So Cal. Housing will also offer their Hope through Housing which is a variety of services designed to improve the quality of life for the very low and low income residents.

If the Board approves the agreement tonight, this would be the first action with 3-4 months to complete the appraisals. They hope to have all their acquisition funding in place. The information will be submitted to this Board and they say make offers based on the appraisals June through December they will be making offers and doing negotiations. They will be looking at December 2005/January 2006 for complete site control. So. Cal. Housing's duty to obtain development financing is expected by June 2006 with a 12-16 month construction period. January 2008 the project will be completed. The project risks are that the cost of assemblage could increase and in a rapidly inflating real estate market. From the time you make appraisals to the time they close deals sometimes prices are going up and the budget can get blown out. They did plug in contingencies and tried to budget conservatively so there weren't any overruns. Given the market that has been in place for the last few years they need to factor in a cushion.

PUBLIC HEARING

TAB 1 – Approving an Affordable Housing Agreement

Once they start this project they are bound to complete it. The inability to assemble the site would be if they couldn't acquire all of the units, somebody challenged their right of eminent domain and they lost they wouldn't be able to assemble the entire site. The inability to finance acquisition, if once they get into it and costs go above their budgets they would have to raise additional monies. If So. Cal Housing is unable to raise debt and equity sufficient to complete construction of the project they would have to look at value engineering solutions and scaling back projects or try and raise additional capital. With a project like this there are a lot of unknowns such as when they start tearing up each unit and seeing what is underneath all the drywall. They know there is water damage and dry rot in many of the units. He stated that they are requesting approval of three resolutions approving the Affordable Housing Agreement with Southern California Housing Development Corporation. They are only appropriating tonight the professional service costs necessary to start the appraisal and legal analysis. When they obtain the funding sources mentioned they will come back and appropriate the actual funding for property acquisitions.

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Mayor Vargas declared the public hearing open.

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ORAL COMMUNICATIONS

John Seymour, So. Cal. Housing stated that they have taken projects of this size and nature at least seven times. They are not venturing into this project as novices and they have completed projects just as complicated as this. This is probably one of the most complicated projects in terms of the number of owners. As far as financing goes, this is a cake walk. They just need to get the County to step up with the full \$4 million as requested. Also if the California Housing finance Agency steps up with the additional half million which he believes they will. Mr. Steel is showing one and a half million less and they think they will get one and a half million more than what he is showing. Either it will reduce their obligation or provide a contingency greater than the contingency they have budgeted for. Part of the reason they hope this project will proceed is because they will become the landlord again, they don't sell their properties, they own them, they operate them, manage them and they are there to stay.

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Ray Farmer, former Rialto Mayor stated that he has been following this project since it has started. As most know he was on the Police Department for 30 years and 15 of those years as Police Chief and retired in 1993. He has had some extensive history with the Willow/Winchester area.

PUBLIC HEARING

TAB 1 – Approving an Affordable Housing Agreement

ORAL COMMUNICATIONS

Ray Farmer, former Rialto Mayor stated he returned as a Council Member in 1994 and Mayor for two years. He was here during the time they dealt with Southern California Housing on the Renaissance project on Glenwood Ave. and the Crossing project on South St. Originally he was skeptical when the Renaissance project was proposed because of the amount of crime and the history of that area just did not feel that whoever came there would be successful in turning that around. At the time he said if he was mistaken he would publicly admit that and was pleased to say a few years later that he was wrong about that area and the Renaissance project was and still is successful. This led him to support the Crossing project. He stated that it was mentioned that they have seven calls a day to the Willow/Winchester area. Will that may be seven calls but it that area it requires 2-3 officers to respond because it is a dangerous area with a lot drugs and gangs, some residents are involved and others are afraid to come out of their houses. If you take that seven responses a day and multiply that by 2-3 officers you can see they are spending thousands of hours of valuable police time. This has not been effectively dealt with since those condos have become absentee landlordship. So. Cal. Housing has done a wonderful job of operating and managing projects like this and this not a type of project that will be thrown together cheaply for profit. The concerns he has are the owners that are still left there be taken care of. The tenants deserve much better than what they are getting, quality affordable housing is something that should be a goal of the City and it shouldn't be that they throw up ghetto kind of areas that they push people into. He also has a concern for the property owners, who are last on his food chain, particularly those that are the investors who are not taking care their properties and he would invite any of them to spend a weekend there and they might have a different view of their obligations. He urges the City Council to move forward as quickly as possible. They had a situation where they tried to do something at the Willow/Jackson/Shamrock area and there was so many speculators that came on that property which made it financially impossible by the end because of the cost of each unit went up so high that the project couldn't go forward. The City has a great police department and the City deserves to have that service they are providing spread across other areas of the City. Citywide service and response times would improve.

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Tony Thomas, resident requested clarification regarding how 154 units when completed would increase the low income housing stock when the original number of units was 160.

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PUBLIC HEARING

TAB 1 – Approving an Affordable Housing Agreement

Robb Steel, Economic Development Director stated that the legal requirement is to increase or improve the supply of low/moderate income housing so this falls in the category of improve. The units that are there now while many of the residents are low income the rents aren't affordable to low income, so they wouldn't qualify as low income housing right now. After rehabilitation not only will they be in decent, safe and sanitary and quality housing but the rent will be structured so that they are approximately 30% of the household actual income which leaves them sufficient funding for life's daily necessities.

He stated from the State's stand point because of the substantial rehabilitation involved and the fact that its not considered affordable housing at this point, it will be considered 154 new units of affordable housing.

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Motion by Mayor Pro Tem Sampson, second by Council Member Robertson and carried by unanimous vote to close the public hearing.

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Council Member Scott stated that this is a very important project for the City and he agrees with what former Mayor Farmer had to say. This clearly has been a blighted area, an eyesore with problems to a lot of people in the community. He too was skeptical of So. Cal. Housing and he in fact voted against the Crossings project. He too will say that he was proved wrong. He is only concerned that this can't be half of a project; it has to be an all or none.

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Mayor Pro Tem Sampson stated he is in full agreement with former Mayor Farmer and Council Member Scott. Having experienced the Renaissance and Crossings projects throughout the years he has to say they are really outstanding projects.

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Council Member Robertson stated that she saw this project as one of the last solutions as trying to address the problems. They devoted and continue to devote a lot of resources in that one area. She had the opportunity to attend the community meeting and part of the reason why residents are not here speaking in opposition, is because they were more in support of the project and look at this an opportunity to improve their environment. They look forward to staying in the area and were supportive of the proposal.

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PUBLIC HEARING

TAB 1 – Approving an Affordable Housing Agreement

Council Member Hanson stated that this is a great opportunity for those who do live in the area. Sometimes they feel trapped in a situation because they cannot move to a better place. This opportunity addresses all of those situations.

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Mayor Vargas stated that she is grateful for So. Cal Housing because she is against apartments because of absentee landlords. She does have to admit that she was wrong in that respect because they are rehabilitating units already there. This a good project for the community.

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Motion by Council Member Robertson, second by Council Member Scott and carried by unanimous vote to approve the sale of real property as part o the an Affordable Housing Agreement with the Southern California Housing development Corporation.

RHA RESOLUTION NO. 0001-05

A RESOLUTION OF THE RIALTO HOUSING AUTHORITY APPROVING AN AFFORDABLE HOUSING AGREEMENT BY AND BETWEEN THE HOUSING AUTHORITY AND THE SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION INC., AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

RDA RESOLUTION NO. 481

A RESOLUTION OF THE RIALTO REDEVELOPMENT AGENCY, CALIFORNIA, AMENDING ITS 2004-2005 FISCAL BUDGET AND APPROVING APPROPRIATION FOR AN AGREEMENT WITH SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION

RHA RESOLUTION NO. 0002-05

A RESOLUTION OF THE RIALTO HOUSING AUTHORITY CALIFORNIA, AMENDING ITS 2004-2005 FISCAL BUDGET AND APPROVING APPROPRIATION FOR AN AGREEMENT WITH SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION

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PUBLIC HEARING

TAB 2 – Urgency Ordinance No. 1369- Extending a Moratorium

Robb Steel, Economic Development Director stated that this item is back for a second consideration. In December there was an Ordinance to adopt a 45 day moratorium which expires on February 4th.

PUBLIC HEARING

TAB 2 – Urgency Ordinance No. 1369- Extending a Moratorium

Robb Steel, Economic Development Director stated that in order to extend the moratorium the law requires that a report be made to the City Council which they did at the last City Council Meeting explaining the situation that necessitated the moratorium and the steps that were being taken to alleviate the needs for the moratorium. In order to extend the moratorium the City Council must adopt by a 4/5ths vote to adopt the Ordinance tonight. The conditions are the same as they mentioned at the original hearing. The goal of the moratorium is really not to prevent development, generally speaking this City Council and staff have been pro-development. The goal is to allow the City to properly plan an area that may undergo significant changes. At the last hearing the Airport has always been the centerpiece of the Rialto Airport Specific Plan and all the land uses that are in the zoning are predicated on a functioning runway and operating airport. They have an airport asset strategy underway they have conducted several recent community meetings as well with stakeholders of the aviation community and residents of Rialto. The game plan is to come back to City Council sometime in late Spring, early Summer with a Master Plan that addresses options. Possible relocation and redevelopment of the Airport was option, possible scaling back of the airport operation and redevelopment of lands deemed surplus and then possibly taking lands that are currently not used for airport operations, the vacant land, at the north end of the runway and redeveloping those in conjunction with privately held land along the freeway. Depending upon on what this City Council decides in the future destiny of the airport, a lot of the land uses may change which is the reason for the moratorium to preserve the opportunity to decide what is the highest and best use of that land.

The moratorium would extend for a maximum of 22 months and 15 days the moratorium that is currently in place. By law they can't extended it beyond that. Their goal would be to have in place a new Specific Plan, Environmental documentation before that moratorium lapses. If for some reason the need for the moratorium no longer exists, City Council makes a decision on the airport that they are just going to leave things the way they are, they can opt to lift the moratorium sooner rather than later. In the staff report there is a map showing the moratorium area and they did send a letter to all the property owners within that area as identified on the last equalized assessment roll that the County provides. Many people did call and ask questions about the need for the moratorium and they did receive a number of letters protesting, which he provided to the City Clerk to enter into the record.

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PUBLIC HEARING

TAB 2 – Urgency Ordinance No. 1369- Extending a Moratorium

Council Member Robertson asked how many letters were sent out to the property owners.

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Robb Steel, Economic Development Director stated that they sent out approximately 200 letters to the property owners. He stated that there is administrative relief provided in the Ordinance for applicants that have life/safety issues such as needing a building permit to fix a roof. These are not affected and will be granted. This is for new development applications and building permits. He stated that the Economic Development Committee had their first round of reviews of applicants requesting relief of the moratorium. They are processing two applications to grant the administrative relief and they have asked them to wait a month until they have a better idea of what the potential land uses might be for the airport area. City Council will make the final decision on these requests.

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Council Member Scott stated that he thinks its important to note that between the airport moratorium area and the foothill moratorium area there were actually seven items that came before the Economic Development Committtee and of those they recommended that four be moved ahead to City Council and to go back to staff for additional review. There was only one that seemed questionable, so this shows the community that if there is a valid project that comes forward they will not oppose it.

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Mayor Vargas declared the public hearing open.

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ORAL COMMUNICATIONS

Christine White, 1446 N. Alder Ave., a 48 year resident who wanted to know what is planned for the west side of Alder Ave. She requested that stop signs be put up because of the high traffic problem from Walnut Ave. to Baseline Rd.

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Robb Steel, Economic Development Director stated that the west side is not included in the moratorium.

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City Administrator Garcia stated that he will address the traffic issue at the next staff meeting.

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PUBLIC HEARING

**TAB 2 – Urgency Ordinance No.
1369- Extending a Moratorium
ORAL COMMUNICATIONS**

George Kaelin, attorney representing a number of property owners in the affected area objected to the extension of the moratorium on two grounds. First it is an unreasonable extension of the moratorium and secondly it is an improper use of the underline moratorium law.

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Steve Buttress, 359 W. Montrose Ave., commended City Council for its efforts to plan for the properties along the I-210 corridor and is not opposed to the moratorium although he has concerns about certain issues of the planning of closing the airport.

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Ethel Ostendorff, Claremont resident and property owner south of the 210 freeway expressed her concern regarding extending the moratorium.

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Patrick Kaemerle, 1 Lime Orchard, Laguna Nigel and property owner of land in the affected area expressed his objection to the extension of the moratorium because it will depress property values in the area.

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Gene Chan, Pasadena resident and nephew of property owner of land in the affected area expressed his objection to the extension of the moratorium.

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Roy Bredlow, property owner of land in the affected area expressed his objection to the extension of the moratorium.

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Motion by Mayor Pro Tem Sampson, second by Council Member Scott and carried by unanimous vote to close the public hearing.

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Mayor Vargas read the title of the Urgency Ordinance:

URGENCY ORDINANCE NO. 1369

AN URGENCY ORDINANCE INTERIM ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, EXTENDING A MORATORIUM ON DEVELOPMENT APPLICATIONS LOCATED ALONG THE SR-210 FREEWAY CORRIDOR AND WITHIN A PORTION OF THE RIALTO AIRPORT AREA SPECIFIC PLAN FOR A PERIOD OF TWENTY-TWO MONTHS AND FIFTEEN DAYS.

PUBLIC HEARING

TAB 2 – Urgency Ordinance No. 1369- Extending a Moratorium

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Council Member Scott stated that they have no involvement with Lewis Corporation offering anybody \$2 a sq. ft. for their property. It is their intent that property owners if and when they sold their properties would get whatever the market value is and they would want the property owners to make money on their property. If Mr. Lewis is offering \$2 sq. ft. He'd just tell him no. He encourages them to bring projects forward to the City. They are not saying they are not going to allow anything to be built up there for the next few years. They are simply wanting to slow things down and look at what they want to do in that area because they as the City own property along the 210 freeway. He stated that they want to get the largest amount of money for that property as well. They want to see it be developed in a proper way that brings business to the City, that brings tax base and revenue to the City. He feels there is a misunderstanding on what their intent is, they want to look at each project on a case by case basis and make sure that every thing that goes up in that area fits. He asked Mr. Steel if the City gave Lewis Corp. the exclusive right to negotiate for City property only.

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Robb Steel, Economic Development Director stated that the City gave them the Exclusive Negotiating Agreement on City and Redevelopment Agency owned properties. They also asked them to Master Plan a much larger area, because if the airport were part of the property to be redeveloped it made sense to include properties down to Baseline Rd. from Alder Ave. to Ayala Ave. because if they proposed a Sierra Lakes East maybe the industrial land use along Baseline Rd. would no longer be the appropriate land use. The moratorium area is the area they have asked them to Master Plan. This takes so long to get in place because the State burdens them with Environmental Impact Report compliance requires them to prepare a specific plans, zone changes, general plan amendments and this process at minimum is 12 to 18 months.

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Council Member Scott stated that they need to have an answer as to what to do with the Airport rather sooner than later. He is not a person that's in favor of eminent domain especially on commercial and valuable properties. He wants to see good projects and good development and they want to see the property owners involved in the process of a plan that is good for the City and brings revenue and jobs to the City.

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PUBLIC HEARING

TAB 2 – Urgency Ordinance No. 1369- Extending a Moratorium

Council Member Robertson clarified that they gave Lewis Corp the exclusive negotiating rights for City and Redevelopment Agency properties and the Master Plan for the affected area but this does not prevent anyone who owns property to look at any other opportunities if other buyers or developers come and offer something for their land.

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Robb Steel, Economic Development Director stated that there is nothing to prevent them from accepting offers and submitting development applications subject to the moratorium and if the finding they have to make is that the proposed development would not be inconsistent with future plans. Since they don't have those future plans yet this would be a hard finding to make but as they did with the Economic Development Committee last week they look at each property and development around it and if its obvious that the proposed use is going to be consistent then they submit it to the Planning Commission and City Council for final release. Most of the area they focused on is the vacant land north of the Airport because this would have the most radical change in land use if a different decision is made with respect to the Airport destiny. As far as the practical application the moratorium, for some of the property owners, there is no infrastructure in the area and for a small property owner to deliver infrastructure from where it ends now to their property to develop their specific piece is highly unlikely. In order to facilitate the development on all these properties there is gong to have to be some coordinated planning from the City. Some of the big property owners in the area are going to have to pay to deliver the infrastructure to the site.

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Mayor Pro Tem Sampson stated that the closing of an airport is done with a great amount of scrutiny and there is a possibility that based upon some of the grants they received from the FAA that they may never be able to close the airport. The conditions that the Airport is currently in only benefits a few and they need to see what works better for the community.

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Mayor Vargas stated that they confirmed at the last City Council Meeting that this moratorium wouldn't hurt them from selling their property if they wanted to. They are trying to make sure they do the right thing for Rialto.

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PUBLIC HEARING

TAB 2 – Urgency Ordinance No. 1369- Extending a Moratorium

Council Member Scott stated that he wanted to make sure that they have something in place that prevents an individual from coming in to present a project and being told no, there is a moratorium. There should be an avenue for them to present their projects and not rushed out the door.

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Robb Steel, Economic Development Director stated that they will be using the Economic Development Committee to look at all the requests.

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Mr. Chan stated that it looks like the City is willing to work with the property owners then why does it have to be a moratorium?

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City Administrator Garcia stated that the pressures that this particular community is facing to have parcels developed is on a collision course with the over all common good of the community patience on how they should see the parcels. The choice that they are suggesting is the moratorium because they have one chance to get their development right and to not succumb to the individual preferences of particular parcels. So it his job to be the bad guy to say they would have serious concerns if they would put 16 liquor stores.

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Mayor Pro Tem Sampson stated that whether or not they had a moratorium and it's not the determinant of whether a person would need to do an Environmental Impact Report. The development that is sought is the determining factor.

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Robb Steel, Economic Development Director stated that if they submit a plan that meets all the criteria in the development standards, the zoning code and building code then they would have the right to build and the City can't say no. Most of this property is zones industrial and if somebody came in and they want to put a small industrial building and met all the criteria the City would not have the right to say no which is the purpose of the moratorium to prevent projects that may conflict with the future land use plans. He stated that 22 months and fifteen days is going to be tight with the long process of what the State burdens them with.

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PUBLIC HEARING

TAB 2 – Urgency Ordinance No. 1369- Extending a Moratorium

Motion by Council Member Scott, second by Mayor Pro Tem Sampson and carried by unanimous vote to adopt an **Urgency Ordinance No. 1369** extending a Moratorium on Development Applications along the SR-210 Freeway Corridor and within portions of the Airport Specific Plan. The vote was: AYES: Mayor Vargas, Mayor Pro Tem Sampson, Council Members: Robertson, Hanson and Scott. NOES: none. ABSTAIN: none. ABSENT: none.

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NEW BUSINESS

TAB 3 – Establishment of 16 Neighborhood Areas

John Dutrey, Housing Specialist stated that the Beautification Commission has been working on the idea of developing areas within the City since last year. The City of Riverside has 22 different neighborhoods with one or more active neighborhood groups for each. The Beautification Commission wanted to work on a two phase process. The current phase was to establish the boundaries and the next phase would be to work on the individual names of each neighborhood. The important part was to get as much community participation and input. This project is to create identity, a place where residents and businesses can identify with, some type of destination of what Rialto has to offer in different parts of the City, something unique, something other cities may not have and also focus on City resources and services in the different parts of the City. Some of the issues that have been raised by the Commission is that they are not trying create political districts and are not interested in reinventing the City Council make-up. He stated that they are not interested in developing social/economic status of what areas have certain groups. They wanted to make these areas equal in terms of its values and what they have to offer and not have one area more prestige than the other. In terms of the boundaries, some of the things they looked at were historical significance and what was the history of a particular area, major streets and anything that that particular area had in common. School boundaries were looked at and the age of the housing stock. There are three proposed plans, one has nine areas, two has 13 areas, and three has 16 areas which is the recommended plan of the Beautification Commission. The Commission conducted eight public forums and the challenge was to get the information out to the public with advertisements, mailers and notices in water bills. There were a total of 50 people who participated in the forums. They conducted surveys at the forums and the mailers that were sent out. Most of the surveys came back positive and the questions were mostly, *"what does this really mean and how does it impact us?"*

NEW BUSINESS

**TAB 3 – Establishment of 16
Neighborhood Areas**

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Corey Jackson, Beautification Commissioner stated that the Beautification Commission recommends the 16 neighborhoods to the City Council. He commended the Commissioners who have put a lot of work into this project.

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Mayor Pro Tem Sampson stated that from his point of view the number of people who have contacted him in regard to the areas, their biggest concern seemed to have been designating social/economic status. He stated that he has a problem with 50 people out of 100,000 doesn't seem to be a very good sample. He stated that of the 50 all were not in favor. They are dealing with an extremely small number and he doesn't have the right amount of satisfaction to say go ahead with the project.

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Council Member Scott stated that he also has received a number of calls from people that have serious concerns about this project having the potential of dividing the City into social/economic boundaries. He knows this is not the Beautification Commission's intent but he also agrees that 50 individuals is not a good number. Somehow they haven't done a good job on selling this project. He has yet to have anybody in the community to approach him and tell him they are in favor of this project. There are individuals that are afraid that they will end up with political pockets in the City that are trying to manipulate the politics of the City. He would like to see that this go back to the Beautification Commission and he would like to personally spend time with them to better understand the concept.

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Commissioner Jackson stated that the City Council had asked the Beautification Commission to do this project and it was the City Council's pleasure that they conduct all the public forums and he believes it was done with the best of any resources they had and these were the findings. What the City Council wishes to do with the project is at their pleasure and they won't take it personally because it's their service to the City.

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Beautification Commissioner Pauline Tidler stated that they had started out with only two forums and because the response was not what they thought it should be and they didn't get the answers that they wanted so they added the six additional forums. Out of the six additional forums there were two that no one attended.

NEW BUSINESS

TAB 3 – Establishment of 16 Neighborhood Areas

Beautification Commissioner Pauline Tidler stated that she doesn't know why people are not interested in this project. Whether they are not interested because they don't care or whether they have a reason to believe that this isn't a good idea. If they don't have people to come back and comment then they can't make a determination. She feels that they did due diligence in trying to get the information out to people and people just didn't care about it. It is not an airport or as controversial for people to take interest but they will after the fact talk to Council Members or other people.

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Council Member Scott stated that he has no doubt that they went overboard to try and make this work. This is why he would like to spend time with them to understand the concept better because he has received way too many negative comments.

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Council Member Robertson stated that the Beautification Commission went out and did what the City Council had directed them to do. This came about by identifying some priorities that the members of the Commissions thought were projects that should be undertaken and was brought forward to the City Council. She personally acknowledged that yes they did everything due diligence but, she doesn't know if they need to send it back to the Commission for further review. They need to determine if in fact that if there are 100,000 people and they held eight forums and only 50 people came then they need to look at whether this is an idea that is not quite ready to move forward. Her concerns were of the idea of the concept of starting out with 16 as opposed to maybe starting out with less and bigger quadrant areas and allowing for things to succeed into the other areas. There has to be some effort in energizing the effort, if there are some areas that are very excited about it and others that are not for whatever reason later down the road someone will start feeling they have been disenfranchised, that they are not getting the same level of resources. She commends the Commission for this project and feels they have done their part fully and thoroughly to see if the community is interested and ready for this. She proposes that they table this item until they have more expressing interest. Through volunteer efforts they already have a number of communities actively involved and they have taken that model and moving it through those communities that would like to mobilize their community and start on community efforts. It's more of if the communities themselves see the need and take it on they will get the energy needed.

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NEW BUSINESS

TAB 3 – Establishment of 16 Neighborhood Areas

Council Member Hanson stated that she was in on the inception of this project. One of the things they were trying to do was to let people have pride in their own areas of the City and to have an identity established not only for the city as a whole but for certain areas and she does think it's an evolving process. She took the opportunity to drive through the City of Riverside and each has plaque identifying the areas and she could see how this could lead to a very good thing. The development needs to be studied a little more closely and let it evolve more, this may come back but perhaps the time is not right. She stated the comments she has received were on the doubtful side and she was not able to fully dispel all the doubts. They will come around when they see how much pride is involved in taking possession of their neighborhood. She thanks the Beautification Commission for all their hard work.

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Mayor Pro Tem Sampson stated that he hasn't been the first Council Member that spoke regarding the presentation tonight. He wants the Commission to know how appreciative he is for the amount of work that has gone into this project. He is one of the strongest proponents of Commission members because the more people that are involved in running the government the more they emulate what democracy is all about.

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Mayor Vargas stated that she also received calls regarding this project but she appreciates all the work the Beautification Commission has done. She also would like to give Council Member Scott the opportunity to understand this project better.

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Motion by Mayor Pro Tem Sampson, second by Council Member Hanson and carried by unanimous vote to table the establishment of the 16 Neighborhood Areas.

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TAB 4 – Property Acquisition and Relocation Services related to the Affordable Housing Agreement

Robb Steel, Economic Development Director stated that they require the services of two professional consultants in order to complete the acquisition assignment. The first contract submitted is for Overland, Pacific & Cutler, Inc. who is the acquisition agent and relocation consultant. They will be the ones taking the appraisal information and converting it to a written offer, communicating with the owner, interviewing all the occupants to determine their eligibility for relocation. If an agreement is reached they will be the ones that handles all the paperwork with the escrow company to process the transaction.

NEW BUSINESS

TAB 4 – Property Acquisition and Relocation Services related to the Affordable Housing Agreement

The second professional consultant contract is with Stradling Yocca Carlson & Rauth. They have been engaged as special counsel to deal exclusively with issues of potential eminent domain consideration for that project. They would assist on all the documentation to make sure they dot the "i's" and cross the "t's" on the legal documentation. If they are unsuccessful in negotiating a voluntary transaction they would prepare all the paper work and its quite voluminous to present the City Council with a resolution of necessity and if adopted that they would submit it to the court and prosecute the case until its closure when a title judgment is rendered. He stated that they have had to estimate the cost of legal services. There is no way to know in this point in time and they are making assumptions about how many cases might follow that trail. They indicated in the proposal that to budget \$500,000 for their services with an additional \$125,000 that would go to third parties for appraisals, title work, and review appraisals. Their total contract would be for \$625,000 which is a budget estimate and hope they are far underneath that. Overland, Pacific & Cutler, Inc. is for \$417,500 which is more precise because they know how many properties there are and their fee is based on a per property acquisition. In these situations they simply don't have the staff to process the reams of paperwork on the acquisition and relocation side and this is a specialized knowledge.

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Council Member Scott asked how quickly would these appraisals happen.

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Robb Steel, Economic Development Director stated that the appraisals will be commissioned tomorrow.

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Council Member Scott asked if they see a problem with the validity of those appraisals in light of the timeframe it may take to acquire some of these.

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Robb Steel, Economic Development Director stated that right now their timing is structured so that the appraisal information comes back at the same time they have a drop dead date on the acquisition financing which is in June. Their game plan is to have the home monies, the bond monies, and the HELP monies committed in June. It's their intention to not make any offers until all the funding is in place and the appraisals are completed so they know what the acquisition exposure is.

NEW BUSINESS

TAB 4 – Property Acquisition and Relocation Services related to the Affordable Housing Agreement

Robb Steel, Economic Development Director stated that if prices come in much higher than they budgeted for they have a chance to get out of the project if that is City Council's choice. They do see the appraisals as being valid and it's their game plan to make the offers immediately and they diligently proceed because they get into trouble with an inflating market. If they do have cases that have to go eminent domain the date of value becomes the date they make the deposit in court and this may be several months after they complete the appraisal and sometimes they have to reappraise and then there is exposure.

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Motion by Council Member Robertson, second by Council Member Scott and carried by unanimous vote to approve a Professional Services Agreements with Overland, Pacific & Cutler, Inc. and Stradling Yocca Carlson & Rauth to provide property acquisition and relocation services related to the Affordable Housing Agreement with the Southern California Housing Development Corporation adopt **RDA Resolution No. 482** appropriating \$1,042,500 from the Low/Mod Housing Fund for a loan to the Housing Authority. and **RHA Resolution No. 0003-05** increasing estimated revenues and appropriations on the amount of \$1,042,500 for acquisition and relocation services, legal services and title and appraisal work.

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REPORTS

Council Member Robertson stated that she attended the community meeting regarding the Willow/Winchester project.

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Council Member Scott stated that he had the opportunity to fly in a helicopter over the cities of San Bernardino, Highland, Rialto, Fontana and Colton with County Supervisor Josie Gonzales and Council Members from San Bernardino, Fontana and Colton. The purpose was to look at endangered species areas and what was needed as a City.

Council Member Scott stated that he attended the Economic Development Committee Meeting. They looked at proposed projects in both the Foothill and Airport moratoriums and suggested that some of those projects move ahead to the City Council for review and approval. They discussed the Walmart expansion and another larger retail outlet that sounds promising. They also discussed an Underground Ordinance originally proposed by Council Member Robertson and former Council Member Wilson and felt it was an excellent idea.

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REPORTS

Mayor Pro Tem Sampson stated that regarding the appointment of Commissioners they talked about having the whole City Council doing the interviews at Open Session which may cause some unintended problems. He would like to suggest staying with the old process where Mayor Vargas and himself interview the applicant privately and then make a recommendation to City Council.

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Council Member Hanson stated that the Rialto Community Players is presenting "I Hate Hamlet" and will run three more weekends.

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Council Member Scott stated that while City Administrator Garcia speaks to the Police Chief regarding traffic issues at the next Department Head Meeting, he and Mayor Vargas had a young gentleman who works for the company of Herman Weissker come speak to them who witnessed one of his coworkers being run over and killed that day. This apparently was the second employee that was hit. That business has offices on both sides of Riverside Ave. He is wondering if it wouldn't be appropriate for the Police Chief to go and visit the management of Herman Weissker to discuss ways of making crossing the street safer.

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Mayor Vargas stated that she had the opportunity to go to Washington D.C. to attend the inauguration of the President of the United States.

Mayor Vargas stated that she and City Administrator Garcia have been attending the police officer briefings to inform them on the goals and issues of the City.

Mayor Vargas stated that she attended the Grand Opening of the new San Manuel Indian Bingo & Casino.

Mayor Vargas stated that she met with Assemblymember Joe Baca Jr. staff regarding participation of an Earth Day Celebration.

Mayor Vargas stated that the Community clean-up was on Saturday which was very successful.

Mayor Vargas wished Angie Perry, Telecommunications Coordinator a Happy Birthday.

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City Administrator Report

City Administrator Garcia expressed his appreciation and thanks to the camera crew.

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ADJOURNMENT

Motion by Council Member Robertson, second by Council Member Scott and carried by unanimous vote to adjourn the meeting.

The City Council adjourned at 9:05 p.m.

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MAYOR GRACE VARGAS

ATTEST:

CITY CLERK BARBARA A. McGEE, CMC